

**Review of the RRB's Document Imaging Initiative**  
**For Railroad Retirement Act Programs**  
**Report No. 01-07, June 5, 2001**

This report presents the results of the Office of Inspector General's (OIG) monitoring review of the design and implementation of document imaging for Railroad Retirement Act (RRA) programs. This is the third report of the OIG's ongoing review of the imaging system. The prior reviews examined the planning process for expanding document imaging to RRA programs (Audit Report No. 99-15, September 23, 1999) and imaging initiatives in the Unemployment and Sickness Insurance programs (Audit Report No. 01-01, November 17, 2000).

**Background**

The Railroad Retirement Board's (RRB) mission is to administer retirement/survivor and unemployment/sickness insurance benefit programs for railroad workers and their families. During fiscal year 2000, the RRB paid approximately \$8.3 billion in retirement and survivor benefits to about 724,000 beneficiaries.

The RRB is an information-intensive agency that stores and handles many paper documents in claim folders. In its Strategic Plan for 2000-2005, one RRB objective is to "Design and implement information technology initiatives that fundamentally improve our efficiency and effectiveness in achieving the agency's mission." Document imaging is one of these initiatives. Document imaging is a technology for scanning paper documents to create easily accessible electronic records instead of paper claim folders.

The RRB has used document imaging to process sickness insurance applications and to retain copies of tax statements since the early 1990s. During fiscal year 1998, the agency's Automated Data Processing (ADP) Steering Committee approved capital expenditures of approximately \$400,000 for computer hardware and software to replace the existing obsolete system with a modern system. The replacement Railroad Unemployment Insurance Act (RUIA) system became operational on June 14, 1999. The RRB expanded the RUIA document imaging system to include correspondence and to allow limited access to other operational units within the agency. The RRB considered the expansion complete in March 2000, but continues to enhance the RUIA system, including making the system available to its field offices.

In addition, the RRB created work teams in the Office of Programs to examine alternatives for extending document imaging and workflow to RRA activities. The work teams prepared a Cost Benefit Analysis (CBA) which examined the alternatives, projected cost savings and agency benefits for each alternative, and made recommendations. On March 10, 1999, the ADP Steering Committee approved the CBA and fiscal year 1999 expenditures of \$311,000 for the RRA document imaging expansion. The total developmental cost of the RRA project is estimated at \$2.5 million including \$1.1 million in RRB staff costs. The Office of Programs is responsible for designing and implementing the document imaging project.

The potential benefits of a document imaging system include faster adjudication of claims and improved control over work items. Examiners no longer have to wait for paper documents. Also, multiple users can view a document at the same time. The workflow features enable the agency to automatically route work, set call-up dates, and establish security over the handling of items. The system can also provide management with reports of pending work items and other useful information such as historical work volumes and processing times.

One of the challenges facing the agency is to ensure the integrity of records in the document imaging system and the paper input documents used by the system. These records must meet the fiscal and administrative needs of the entire agency and be maintained in accordance with federal records regulations. The RRB has formed a working group consisting of representatives from the Office of Programs, Bureau of Information Services, Bureau of Law and OIG to discuss document retention issues related to RRA document imaging.

The OIG's Review of Document Imaging, Unemployment and Sickness Insurance Programs (Audit Report No. 01-01) noted several deficiencies in the RRB's procedures and controls. These deficiencies related to the reliability of the imaged documents, access to the imaging system, backup and recovery of the imaging system, and retention of the system's paper input document. The RRB is in the process of implementing the recommendations in the report. The RRB expects to complete the corrective actions by August 31, 2001.

## **OBJECTIVE & SCOPE**

The OIG's overall objective for this review was to monitor the design and implementation of the RRA imaging system to ensure that adequate controls are being developed and that the RRB is following its system development life cycle policies.

The scope of this review encompassed the planning and development for RRA document imaging. To accomplish the audit objective, the OIG interviewed management and potential users in RRA program areas. The OIG also assessed:

- applicable laws, regulations and procedures,
- RRB management reports relating to RRA document imaging,
- agency's system development life cycle policies,
- RRA implementation plans,
- imaging policies and procedures,
- cost data on the RRA imaging development,
- security procedures for the imaging system, and
- document retention issues.

The OIG conducted the audit in accordance with generally accepted government auditing standards appropriate to this review. Auditors performed the fieldwork at RRB headquarters office in Chicago, Illinois from December 1999 through May 2001.

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## RESULTS OF REVIEW

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Our review determined that the RRB is adequately designing the RRA imaging system to ensure adequate controls and the RRB is following its system development life cycle policies. However, the RRB is behind schedule in implementing the RRA system. In addition, we noted deficiencies in the implementation of the imaging system. The RRB is not adequately tracking cost data for the document imaging project. The RRB also is not in compliance with document retention regulations.

We determined that most of the procedure and control deficiencies noted in our prior review of the RUIA document imaging system also apply to the RRA system because both systems use similar procedures and controls. Therefore, implementation of our recommendations from the prior review will improve the reliability of RRA and RUIA imaged documents. We plan to test the reliability of the imaged documents in future audits.

Detailed findings, recommendations, and the project status are discussed below.

### **Cost Accumulation**

The RRB is not adequately tracking the following costs for the document imaging project:

- the salary and benefits of RRB personnel working on the project;
- the differential cost of 21-inch monitors over 17-inch monitors; and
- the maintenance cost for imaging software and hardware.

When the RRB completes a project involving a major information technology investment, RRB Administrative Circular IRM-12 requires the responsible bureau/office head to conduct a post-implementation review. This review compares estimated costs, schedule, performance and benefits against the actual results to the extent this information is known at the time of the review. Results of the review should be provided to the ADP Steering Committee. A project is considered a major information technology investment if projected costs are expected to exceed 1% of the agency's fiscal year technology and automation obligations. The document imaging system exceeds the 1%. The Office of Programs plans to perform a post-implementation review when the project is completed in 2002 or 2003.

Tracking actual costs as they are incurred is more efficient and produces more reliable data than attempting to accumulate the costs at the end of the project. This is especially true for projects that will take several years to implement, such as the RRA document imaging project. Furthermore, interim review is an effective control over long-term projects.

The Office of Programs is not adequately tracking costs because it does not have a formalized system to track project cost. The office is not producing interim reports because current policy only requires a post implementation review. Additionally, the office has not asked other RRB units for periodic reports of document imaging-related costs incurred.

The Office of Programs, as the responsible office for the document imaging project, incurs the majority of the costs. However, other RRB units incur some development and maintenance costs as well as testing costs, including the Bureau of Information Services (BIS).

Because the Office of Programs has not compiled all the cost information, the office cannot provide RRB management with timely and complete cost information on the imaging project. In addition, the Office of Programs will have more difficulty determining actual costs or estimating costs for the post implementation review. An estimate made close to when the cost is incurred is generally more reliable than an estimate made one or two years later.

### **Recommendations**

The Office of Programs should:

- Develop a system to track development and recurring costs for all information technology projects that exceed 1% of the agency's fiscal year technology and automation obligations (Recommendation #1).
- Begin tracking the salary and benefits of RRB personnel working on document imaging. This should include both development staff and any other staff working in a new function created for document imaging, such as the staff who scan and index documents (Recommendation # 2).
- Prepare a current report on all development and recurring costs incurred to date, including salary and benefits, on the RRA document imaging project (Recommendation #3).
- Request BIS and other RRB units to periodically submit data on document imaging-related costs incurred to date (Recommendation #4).

### **Management's Response**

The Office of Programs concurs with these four recommendations.

## **Document Retention**

The RRB is not in compliance with document retention regulations. The agency is not in compliance because it has changed its maintenance of records but has not updated its records disposition schedule.

National Archives and Records Administration (NARA) regulations state that it is the agency's responsibility to develop and implement records schedule for all records created and received by the agency and to obtain NARA approval of the schedules<sup>1</sup>. To obtain NARA's approval, Federal agencies submit Standard Form 115, Request for Records Disposition Authority<sup>2</sup>. All record schedules should include the physical organization of records or the filing system<sup>3</sup>. Agencies must review existing schedules, and update them annually, if necessary<sup>4</sup>. The RRB's records disposition schedules contain disposition authority for RRA claim folders.

The RRB has stopped creating some of these claim folders and started building electronic folders for file only type items (February 2000), Medicare Initial applications (April 2000), and some Retirement Initial applications (October 2000). The RRB is still creating folders for Disability Benefit applications.

RRB management has not submitted a Request for Records Disposition Authority to NARA. The Request has been delayed because of other work priorities for some members of the document retention working group. The request will be to replace the current disposition authority for RRA claim folders and must cover all claim file materials regardless of program area. Therefore, the retention schedule in the Request must address two issues. First, the RRB has stopped creating folders at different dates for each of its program areas (e.g. Retirement Initial, Medicare, etc.) The new retention schedule must have cut-off dates for each RRB program area. Secondly, the Request will have to address RRB records that are maintained in paper claim folders, imaged documents, and a combination of paper and imaged records.

Additionally, for long-term paper documents, the document retention working group had agreed to a retention period of 7 years after the date that the document is scanned into the system. This agreement was based on the understanding that all long-term documents, including all initial applications, would be scanned into the imaging system. However, the Office of Programs made the decision to not image certain applications without consulting the other working group representatives.

Because the RRB has not updated, and NARA has not approved, a new records disposition schedule, the agency must continue to incur costs related to paper claim folders.

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<sup>1</sup> 36 CFR 1222.20(b)(6)

<sup>2</sup> 36 CFR 1228.26 and 1228.32

<sup>3</sup> 36 CFR 1228.24(b)(3)

<sup>4</sup> 36 CFR 1228.50(d)

## **Recommendations**

The RRB's Records Officer should complete the Request for Records Disposition Authority and submit it to NARA (Recommendation #5).

The Office of Programs should continue to create claim folders until the RRB submits its Request for Disposition Authority (Recommendation #6).

The Office of Programs should retroactively create claim folders for file only type items (beginning February 2000), Medicare initial applications (April 2000), and some Retirement initial applications (October 2000) (Recommendation #7).

## **Management's Response**

The RRB's Records Officer concurs with Recommendation #5. A complete copy of the response is included in Attachment 2. The Office of Programs does not fully agree with Recommendations #6 and #7. They have advised that "all material previously filed in the claim folder is being maintained." The Office of Programs also stated that "nothing has been or will be destroyed while we complete work on a new schedule."

## **OIG Response**

Concerning Recommendations #6 and #7, the OIG maintains the position that the Office of Programs should continue to create claim folders until a new retention schedule is submitted and retroactively create claim folders for the RRA applications we cite in our recommendation. This procedure would ensure that the agency continues to maintain a viable system of records for legal, regulatory, governmental and investigative purposes.

The Office of Programs is currently maintaining the paper applications and the supporting documents for these RRA applications separately from claim files. The RRB Records Officer has advised that since these documents are no longer in claim files, they are unclassified records. The claim folder is part of the current system of records for the agency. The RRB can not send unclassified records to the Federal Records Center without special approval. Also, the Office of Programs has not advised us about procedures and controls to ensure that these documents are not misfiled or misplaced. The OIG believes that there are no controls over access to many of these documents.

## **Implementation Schedule**

The RRB is behind schedule in the implementation of the RRA document imaging system. Based on the February 25, 2000 implementation plan, the following items should have been completed by the end of fiscal year 2000: Archive Direct, Medicare Initial, Retirement Initial, Disability Initial, Disability and Medicare Post Entitlement activities. To date, the RRB has not implemented any workflow features related to RRA activities and only Archive Direct has been fully implemented. Archive Direct covers file only type items such as garnishment notices received prior to entitlement to benefits.

These documents require no immediate action by the RRB but must be retained for future reference.

The RRB also has partially implemented Medicare Initial and Retirement Initial applications. The RRB has stopped creating new paper claim files and started building electronic folders for these two areas; yet, if a claim file already exists, the RRB is still filing paper documents in these folders.

The RRB implementation delays are primarily software-related. In early 2000, the software vendor released new workflow software and the new version did not contain all of the features of the old version, including important security features. Due to complaints by the RRB and other customers, the vendor is revising the software to improve functionality and restore features. The new software should be available in the third quarter of calendar year 2001. Therefore, the RRB has decided to delay the introduction of workflow until the new software is available.

In addition, RRB is reassessing and modifying the order of implementation because the software vendor introduced new software ('Web Connector') that allows field and headquarters users to search the RRA imaging system to view documents and folders. This new software gives the field offices access to document imaging earlier than planned; the initial implementation plan was to provide field access in fiscal year 2002. Also, RRB management has advised that using this software will result in cost savings to the agency because some users will not need the more expensive imaging and workflow licenses. This may offset additional staff hours and associated costs that may result from the implementation delays.

The RRB is reassessing the implementation schedule due to the introduction of the new software. RRB management expects to complete a revised implementation plan by December 31, 2001. The revised plan will contain a detailed explanation of any major deviations from the original implementation plan and the Cost Benefit Analysis, and new deadlines for key phases of the project. The OIG is making no recommendations at this time because RRB management is already taking appropriate action.

### **System Development Life Cycle Policies**

The Office of Programs has generally followed the RRB's system development life cycle policies for the RRA document imaging project. The system development life cycle steps include:

- Project definition, which defines the scope, alternatives, assumptions and solutions for the project;
- Requirements definition, which defines detailed system information on the project, such as a flowchart, inputs, outputs and controls;
- Design of the system, including test plans, procedures and the implementation plan;
- Coding of the application and testing of the system;

- Acceptance testing by users of the system, which includes preparing training packages and finalizing procedures; and
- Implementation of the system.

The Office of Programs' CBA and Implementation Plan contained sufficient information relating to many of the above phases. Also, development issues identified in our prior RUIA review apply to the RRA system. For example, the acceptance testing training packages for scanning and indexing tasks are very similar to those for the RUIA imaging. Implementation requirements for the system reference manual and program reference manual are also the same as the RUIA.

In addition, the vendor imaging software provides much of the system information required by the RRB's policy. For example, the system edits, interfaces, security, on-line help screens, and technical information is included in the vendor software. The Office of Programs also plans to prepare detailed flowcharts showing interfaces, trails, and edits for each RRA phase as it is developed.

RRB claims examiners have had limited involvement since the beginning of the imaging project. Most of the initial input came from supervisors and user analysts. The RRB is increasing examiner involvement as the project gets closer to implementation.